AFSAC: 25/30

8 February 1950

MEMORANDUM FOR MEMBERS OF AFSAC:

Subject: Special Report on Cryptologic Consolidation as of 31 January 1950

- 1. The Director, AFSA, has submitted the attached report to General McNarney, Chairman, Management Committee, Office of the Secretary of Defense. The oral request which occasioned the report asked for (a) information on numbers of personnel assigned respectively to production and non-production cryptologic efforts at the beginning of consolidation and at the present time and (b) information on costs of moves incident to consolidation.
- 2. It is requested that each member of AFSAC review this report and submit comments to the Director, AFSA, with particular attention to any possible recommendations for reducing the number of personnel assigned to non-production work, both in AFSA and in the Service activities.

Earl E. Stone

EARL E. STONE
Rear Admiral, U.S. Navy
Director, Armed Forces Security Agency

AFSAC: 25/30

Declassified and approved for release by NSA on 06-13-2012 pursuant to E.O. 13526

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DEPARTMENT OF DIFFUSE ARIED FORCES SECURITY AGENCY WASHINGTON 25. D. C.

Serial: 00067

8 February 1950

MEMORANDUM FOR THE CHAIRMAN, MANAGEMENT CONTITTEE, OFFICE OF THE SECRETARY OF DEFENSE

SUPJECT: Special Report on Cryptologic Consolidation as of 31 January 1950

- 1. In compliance with oral request, there is submitted herewith a report on employee utilization in the consolidated cryptologic effort under the Armed Forces Security Agency (AFSA), and a report on costs of moves necessitated by consolidation, which has been effected in the following principal phases:
 - a. On 1 October 1949, the Director, AFSA, assumed operational control of AFSA cryptologic activities.
 - b. On 25 October 1949, the Joint Chiefs of Staff approved the detailed plans for consolidation of major cryptologic activities.
 - c. On 25 December 1949, the Director, AFSA assumed administrative control of all civilian personnel allocated to AFSA.
 - d. By the end of January 1950, reorganization and moving incident to implementation of the approved consolidation plans were practically completed, al∞ though much shaking-down is still required to make consolidation complete and fully effective.

It is still too early in this shaking-down period to consider as final any evaluation of effects of consolidation. Since command and administration represent overhead, the number of persons assigned to AFSA command and administration are being kept to the absolute minimum. The Director, AFSA, is endeavoring to assist the Services in their efforts to this same end.



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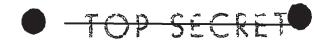
- 2. The Enclosure shows functional disposition of civilian and military personnel actually assigned to the erypcologic affort as of 30 September 1949 (the day preoeding assumption of operational control by the Director, AFSA) and 31 January 1950. Total authorfizations also are shown. Separate figures are shown for luny Security Agency (ASA), Navy Communication Supplementary Activity (CSA), and AFSA. The Air Force Security Service (AFSS), at the time AFSA was created, was engaged solely in activities now authorized by JCS 2010 to be carried on by each Service. AFSS figures are therefore not included in comparative statistics pertaining to AFSA, except for 120 Air Force spaces which have been authorized for AFSA. This results in a reduction in personnel authorized for actual work in AFSS from 942 to 822. AFSS figures are shown separately at the bottom of the Enclosure.
- 3. In arriving at the distribution of personnel by function, it has been necessary to make certain arbitrary adjustments in view of differences in organization and methods of accounting in the Army and Navy. The following salient points are noted in connection with the Encolosure:
- a. Present actual AFSA strength is 8.6 percent below the authorized level. Personnel reductions in some cases have been caused by normal attrition which could not be replaced because of shortage of funds, and therefore do not represent actual savings.
- b. In accordance with the basic directives concerning the establishment of AFSA, each Service is required to provide and operate certain cryptologic activities which require a command and administrative scaff. AFSA also must have a command and administrative staff. In order to save



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administrative personnel. NEAA and the Service cryotologic organizations are now performing certain administrative and support functions for each other where crossservicing will effect savings. For example, AFSA is
utilizing available facilities of the Services for transportation, procurement of supplies and equipment, contracting, and communications in order to keep the number
of NFSA personnel engaged in such work to the absolute
minimum consistent with effective operation of AFSA.
Similarly, AFSA is performing all necessary civilian
personnel functions for ASA Headquarters. AFSA is studying with the Services the question of additional crossservicing, but it does not appear that it will be 'easible
to consolidate administrative functions as fully as originally hoped by the Director.

- c. In considering the figures for command, administration, and support for the three residual agencies, it
 should be noted that AFSS and ASA are largely self-contained
 organizations whereas CSA relies upon other activities of
 the Navy for much assistance in the performance of these
 functions. For example, the Marines provide 92 guards for
 NCS that are not charged against CSA.
- the relocation of numerous AFSA facilities as between Arlington Hall Station (AHS) and Naval Communication Station, Washington (NCS), it should be noted that all costs were absorbed by operating funds already available. Only \$3,288.10 (for transportation contracts and changes in communication facilities) represented direct monetary expenditures for services not already available. However, there were certain additional indirect costs, including unavoidable disruption of cryptologic production, labor, engineering facilities and construction, and additional transportation and changes in communication facilies



SUPJECT: Special Pepost or Stypeologic Consollate on ac of 31 January 1950

vies, all of which were provided from facilities at a interon hand. Approximately 78,750 worth of construction
supplies, which will need to be replaced, were vset for tomodeling work spaces. Certain additional outlins will be
necessary as a result of the mate. For example, interior
velephone (scillefes will require some improvement, and
the relocation of cortain units will require augmentation
of existing cir-conditioning and fire-proclams equipment.
The cost of these items cannot be determined as this time.

- The production of descypted nessages during October-Decamber 1949 Ifd not unow as great a decrease as had been ausicipated as a result of the moves insident of consolidation. In fact, the results for this pecied compare favorably with the average for the arcceding three questers of the year. Nonthly variation for the period October-December 1949 are well vitain the normal renge of fluoracion for the rather inprediagable work of cryptenolysis. The number of idencified foreign organographic systems has increased steadily throughou most of 1919. The number yielding to cryptenalybue attrox has likewise increased. Details of these results are of a higher oracsif.cetion, but will be supplied by and Director, ACS1, personally, if required. Examination of various communication accurity problems after constitation has indicated order in which there is ordeliers promise of gains, but considerable joint study and edjoing the required before the going can be realized,
- 6. Capies of this report are being electioned to members of the Armed Perces Socarity Agency Council with the reduced and colmented of the the Director. ACSA, with particular absorbed to tector received tions for reducing the number of personnel assigned to

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command and control and to administration, both in AFSA and in the residual Service activities. Pertinent comments received will be submitted in a similar report about three months hence, or when required.

/s/ Earl E. Stone
EARL E. STONE
Rear Admiral, U.S. Navy
Director, Armed Forces Security Agence

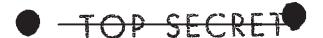
1 Enclosure

Personnel Strength by Functions at "ashington Crypt Hdqs. and at Brooks Field.

Copies furnished:
1 to each member of AFSAC

AUTHENTICATED:

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T. E. DENSMORE
Cantain, Sigo
Chief, AFSA Secretariat



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Mil - Military Civ - Civilian

a. Supply and communications

b. Instruction, exrous, avaiting assignment
c. Includes 109 security guard and police
d. Includes 18 security guard and police
e. Includes 40 occurring guard and police
f. Freess due to personnel avaiting re-assignment